William D. Ford Federal Direct Loan (DL) Program – System Balancing of Loan Consolidation (LC) to the Financial Accounting and Reporting System (FARS)

How does the System Balancing of Loan Consolidation to FARS process work?

The process involves 4 steps:
1. Preparing the monthly reconciliation worksheet
2. Preparing a schedule E report
3. Sending the Schedule E to CFO AD
4. CFO AD reviewing and filing the Schedule E

What does this document do?

This document describes the system balancing process of Loan Consolidation to FARS. All financial data processed in Loan Consolidation is matched to the data posted in FARS on a monthly basis. Each reporting entity provides separate schedules (reports) to Affiliated Computer Systems (ACS) Accounting Staff for their acceptance, rejection and receipt of each financial transaction type and their respective dollar amount. After receiving the necessary schedules, the ACS accounting staff is responsible for the preparation of the Schedule E for each trading partner. The Schedule E compares the FARS database against the partner database.

What is the policy for system balancing between the Loan Consolidation transactions and FARS?

The Loan Consolidation transactions should be reconciled to FARS to verify that the transactions in the Loan Consolidation are being accurately posted to FARS.

Who must follow the procedures in this document?

All members of ACS, as an agent for SFA under the Chief Financial Officer (CFO) – Accounting Division (AD), must comply with these procedures for the process to which it relates.

4 Basic steps to the System Balancing of Loan Consolidation to FARS process:

1) Prepare Monthly Reconciliation worksheet
As an ACS accounting staff member you must

$\hspace{9cm}$ **When?**
$\hspace{9.3cm}$ Monthly

a) Reconcile Loan Consolidation data to Direct Loan Servicing System (DLSS). The transactions reconciled will be FLA, FLB, FLC, FLD, FCA
b) Get a copy of Loan Servicing's CI310 Report after month end. This report is the Loan Servicing System Balancing Report. This report will account for all financial transactions sent to Loan Servicing by LC and accepted by Loan Servicing.
c) Get a copy of Sections 1 and 2 of the Monthly LC System Balancing Report
d) Get a copy of Loan Servicing's SC100R1 and Schedule B Reports
e) Complete the Monthly LC/DLSS spreadsheet.
f) Prepare Unresolved Error File Monthly Activity Worksheet
g) Identify timing difference batches between LC and DLSS. Previous month timing difference batches have already been identified from the previous month reconciliation. Use LC System Balancing Report to determine batches sent by LC but not acknowledged by DLSS within the month.
h) Use the Schedule B LO301 – Express Refinancing Report to determine Express Refinance amounts
i) Determine DLSS Work-In-Process Amounts. This calculation is the difference between DLSS Accepted (from C310) and DLSS Booked (from SC100 + CF059). This will not be a calculated amount until after we receive the new DLSS Schedule C.
j) After all adjustments have been made, LC Accepted, DLSS Accepted and DLSS Processed should have the same balance.
k) Identify FLB's changed to FLA's. Compare LC System Balancing Report Section 2 with DLSS CI310 Report to determine the amount of FLB's changed to FLA's. Usually it is a separate batch (only if there is a difference).

2) Preparing a Schedule E
As an ACS accounting staff member you must

1. Receive e-mail from LC containing Schedules A, B, and C. They are LO-SB020, LO-SB030 and LO-SB040.
2. Get LC System Balancing Report Section 1
3. Determine LC Activity from LC-SB030, page 1 – Current Month Activity
4. Determine LC Variance from LO-SB030, page 2 – Current Month Variance
5. Determine LC Activity from LC System Balancing Report Section 1.
6. Determine FARS Activity from FARS Schedule B (CDFG00PB).
7. Multiply 41-44E1, (Excess Cash Summary) from Report 600, transactions by negative 2 to correct LC positive/negative reporting error.
8. Multiply 16-30-00, (EDS Excess Cash) from Report 600, transactions by negative 2 to correct LC positive/negative reporting error
9. Compute LC Timing – Beginning of the Month – Take all previous month transactions from LC System Balancing Section 1. Multiple by negative 1 and use that amount as the timing difference. Record data in LC and FARS Columns.
10. Compute LC Timing – End of the Month – Run LC Daily Section 1 Query for the first two cycles of the new month. Put as timing any transactions with reconciliation month batch date. Record data in LC and FARS columns.
11. Subtract Financial Express Transactions. Use FARS Schedule C (CDF00PB) Partner LO0201 to determine those amounts.
12. Allocate LC from LC-DLSS WIP Monthly Worksheet computed in Step 1.
13. Identify any manual postings in FARS using query JPLMANUL.
14. Prepare DLSFF705 Recycle File Monthly Activity Worksheet
15. Verify that Ending Balances are equal.

3   Sending the Schedule E to CFO AD
As an ACS accounting staff member you must

a) Send the Schedule E and all supporting document to CFO AD

4) CFO AD reviewing and filing the Schedule E
As an CFO AD staff member you must

a) Compare the data on the Schedule E to supporting documentation
b) Review the Schedule E for unusual variances.
c) Review unusual variances with ACS staff
d) Fill the Schedule E and supporting documentation